

Regional Strategy

South America

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REGERINGSKANSLIET

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SOUTH AMERICA STRATEGY 2003-2007

DOCUMENT 1: REGIONAL STRATEGY FOR SOUTH AMERICA 2003-2007

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FOREWORD

The strategy presented here was elaborated in 2002 under the leadership of a working group appointed by the Department for Latin America at the Swedish International Development Cooperation Agency (Sida). Most of the work on the sections on Bolivia and Colombia was carried out in the field. An important element of the process was the consultations that took place between various Swedish and national stakeholders in Bolivia and Colombia (see the relevant country strategies). Five studies were commissioned as input to the analysis of the region.¹ An internal and an external reference group were set up for the benefit of all those with an interest in the strategy drafting process. Seminars were held with these groups before the strategy process was launched, after the five studies were completed and after a broad consultation exercise in July and August 2002. Continuous consultations took place with the Ministry for Foreign Affairs (MFA) throughout the strategy process.

It is proposed that the new strategy for development cooperation in South America should be implemented during the period from January 1 2003 to December 31 2007. However, there must be a certain amount of flexibility in order to make it possible to adjust the focus of development cooperation in the region during the strategy period in response to any changes in development cooperation guidelines, both in Sweden and globally, and to external developments. An example of such a change is the Government Bill on Sweden's future global development policy, which will be presented in the spring of 2003, and the subsequent parliamentary resolution, which may have an effect on future development cooperation in South America.

1. SUMMARY

South America was a continent in flux while this strategy was being drafted. Dramatic changes took place in several large South American economies, and even countries that are traditionally considered stable were seriously affected. Among other things, these developments illustrate the magnitude of the underlying problems on the continent.

The extremely unequal distribution of power and resources that characterizes South America poses a serious obstacle to development. This inequality applies to all the aspects that make up the multidimensional concept of poverty.²

¹ *Poverty Reduction in South America: The Millennium Goal Within or Beyond Reach?* Stefan de Vylder, *Conflict Analysis – Colombia, Bolivia and the Andean Region*, Pedro Valenzuela, *Popular Participation in Bolivia, Colombia and Peru. A synthesis of three studies*, Örjan Bartholdson, Anders Rudqvist, Charlotta Widmark, *Indigenous peoples of the Andean countries: cultural and political aspects*, Dan Rosengren, *Analysis of the narcotics situation and input to the Strategy for the Andean region, Bolivia and Colombia*, Niklas Herrmann. See Sida's website.

² OECD 2001: DAC Guidelines on Poverty Reduction. “**Poverty is multidimensional.** Poverty denotes people's exclusion from socially adequate living standards and it encompasses a range of

However, the world's development assistance to South America is small and diminishing.³ Sweden plays a modest role on the continent, and concentration, strategic choices and complementarity in relation to other donors are essential in order to achieve results. This regional strategy identifies Bolivia as the poorest country on the continent, the armed conflict in Colombia as the most destabilizing factor and the Andean region as the most vulnerable region. Bolivia and Colombia must therefore be given priority in Sweden's development cooperation and individual strategies must be designed for them within the framework of the regional strategy. Apart from this, the main focus is on the Andean region.

The appropriation for development cooperation in South America is expected to be between SEK 350 and SEK 500 million per year during the strategy period 2003-2007, with a gradual increase from the lower to the higher amount. Between 45% and 65% of this is destined for a broad poverty reduction programme in Bolivia. 15-30% will be allocated for development cooperation with Colombia, all of which will go to efforts to achieve lasting peace. Continuing small-scale cooperation with Peru is planned in the fields of democratic development and reconciliation. There is preparedness for expanded regional programmes in support of security, integration and exchanges of experience.

2. THE ANDEAN REGION

The Andean region comprises Colombia, Ecuador, Peru, Bolivia and Venezuela. These countries have several common denominators, but there are also differences between them. An economic and political community – the Andean Community (Comunidad Andina) – has been established for the Andean countries. Over time, more and more political components, to some extent inspired by the European integration process, have been added to the original initiative of 1969, the main aim of which was to establish a common market. The establishment of the Andean Integration System (Sistema Andino de Integración, SAI) in 1996 led to the setting up of a regional parliament and an executive body consisting of the countries' presidents.

deprivations. The dimensions of poverty cover distinct aspects of human capabilities: economic (income, livelihoods, decent work), human (health, education), political (empowerment, rights, voice), socio-cultural (status, dignity) and protective (insecurity, risk, vulnerability). Mainstreaming gender is essential for reducing poverty in all its dimensions. And sustaining the natural resource base is essential for poverty reduction to endure.”

³ Official development assistance (ODA) fell from 0.4% of GDP in the Latin American region in 1990 to 0.2% in 1998, which may be compared with 5% of GDP in Sub-Saharan Africa (World Bank, WDR 2000/2001). Sweden currently accounts for 2.37% of the DAC countries' total ODA (OECD database).

However, the future of the integration process is uncertain, since there is a lack of consensus about the overall political objectives. As regards the economy, a common market was established in the 1990s, which will be joined by Peru in 2005, and a customs union is in operation between Colombia, Venezuela and Ecuador. Preparations are under way for negotiations on free trade agreements between the Andean Community and the EU.

3. CONCLUSIONS OF REGION AND COUNTRY ANALYSES

3.1 The region

The sharp macroeconomic fluctuations in the largest Latin American countries gave rise to great uncertainty about economic development in the region in 2002. However, it is quite clear that the poorest countries – including several of the countries in the Andean region – were not as well-equipped to deal with the crisis as their more wealthy neighbours Argentina, Brazil and Chile.

The extremely unequal distribution of power and resources presents a greater obstacle to development in South America than on any other continent. A vicious circle of poor education, uncertain livelihoods, individuals' lack of influence over their lives and general marginalization is the reality for poor people on the continent. Growth is an essential condition for poverty reduction, but it must be accompanied by a change in growth patterns, i.e. 'pro-poor growth' and more effective income distribution policy. This applies in particular to Bolivia, which is the poorest country in South America.

Inequality, together with the deficit of social capital and drug trafficking, is also the cause of the high violence and crime rates in South America. The situation in this respect is worst in Colombia. The armed conflict in Colombia has given rise to militarization, arms trading, refugee flows and drug trafficking, and this increasingly affects the Andean region as a whole. A broad-based negotiated solution appears to offer the only prospect of lasting peace.

The continent as a whole has made progress towards democracy, but at the same time events in several countries show that democracy rests on a fragile foundation. There are also signs that the population's confidence in democratic institutions is waning. In order to enjoy full legitimacy, the democratic structures must be supported by a genuine democratic culture.

With few exceptions and reservations, the countries of South America have ratified the most important conventions on human rights. Generally speaking, respect for civil and political rights has increased, although Colombia is the exception that proves the rule. However, respect for economic, social and cultural rights leaves much to be desired. South

American governments are not capable of providing education, health care and housing on equal terms. Children, women and indigenous peoples find it particularly difficult to satisfy their basic needs.

The judicial system may be described as ineffective, inaccessible and corrupt throughout the region. Corruption is closely linked to widespread impunity, which in turn tends to undermine the legitimacy of democracy.

The media operate on commercial principles, and large sectors of the population are excluded from up-to-date good-quality information. Nor are their interests adequately reflected in news reporting. This is one aspect of the political culture which contributes to marginalization of poor people for both ethnic and political reasons. Civil society plays an increasingly important role when it comes to promoting popular participation and influence.

The Andean region accounts for virtually all the world's cocaine production. Despite serious efforts to eradicate the coca plant, the total area under coca remains constant at about 200,000 hectares. However, a geographic shift has taken place from Bolivia and Peru to Colombia. There, a vicious circle has been established between cocaine trafficking and armed conflict. Conflicts, lawlessness and the absence of central government create favourable conditions for the drug industry, and, conversely, conflict management, democratization and respect for human rights would have an adverse effect on production.

Unclear ownership rights and extensive new cultivation in ecologically sensitive areas has led to unsustainable land use. Deforestation in South America is among the most extensive in the world. This has hit indigenous peoples, with their dependence on natural resources, especially hard. More sustainable use of resources is essential for pro-poor development.

The most marginalized and vulnerable groups in the Andean countries are indigenous women and girls, who in rural areas often lack access to education and therefore cannot read or write or speak Spanish. The highest statistics for maternal mortality, teenage pregnancies, infant mortality and illiteracy are to be found in this group. Completion of school education and bilingualism programmes is an important step towards overcoming their marginalization in society.

The legal protection of women has improved in all the Andean countries in the 1990s. Women's movements have achieved major successes, in particular with regard to legislation. However, there is still a need to ensure that the laws protecting women are complied with in practice.

Poverty among children is very much in evidence in the Andean region and is considered the most important reason why the Convention on the Rights of the Child is a dead letter.

Bolivia is the only country in South America in which development assistance plays a prominent financial role and corresponds to 7.5% of GDP. Sweden is not among the 10 largest donors in any of the Andean countries.

3.2 Bolivia

Bolivia is the poorest country in South America by all measures, as well as being one of the countries in the region with the most unequal distribution of income, resources (including natural resources) and power. The indigenous peoples who make up the majority of Bolivia's population suffer more from the unequal distribution of resources than whites and mestizos. There is also great inequality in the relations between women and men and between children and adults.

More than 15 years of economic and institutional reforms and two decades of democratic government have helped to stabilize the economy and improve the social indicators, but they have not helped to appreciably reduce income poverty or inequality. One of the basic problems is that the country has not achieved the necessary level of growth. Bolivia is in great need of a growth rate that generates more jobs, but also of a policy that makes a noticeable impact on resource distribution.

In 2001 the Bolivian government adopted a Bolivian Poverty Reduction Strategy (BPRS) which was prepared on the basis of consultations between the government and civil society within the framework of the national dialogue. It is a platform for the next 15 years' development policy and development cooperation. An essential condition for significant poverty reduction, and for continued large-scale Swedish development cooperation with Bolivia, is explicit Bolivian ownership of efforts to fight poverty and reduce gaps. The close coordination of development assistance between the Bolivian government and international donors, and the international poverty strategy, are essential conditions for Sweden's development cooperation.

3.3 Colombia

The country analysis indicates that the escalating internal armed conflict in Colombia is a serious overall obstacle to development in the country. The unequal distribution of political and economic power, increasing poverty, the weak democratic institutions, the widespread impunity, crimes against human rights and international humanitarian law, the unequal distribution of land and drug trafficking are linked and mutually reinforcing obstacles. Measures must be taken to address these problems in order to pave the way for long-term, lasting peaceful development in Colombia and regional stability.

The internal armed conflict may develop in various ways during the strategy period. It may become worse, but it is also possible that regular peace negotiations with the armed groups (FARC and ELN) will be initiated and make progress. Irrespective of the parties to the conflicts, the rest of society may work towards a long-term peace process.

There was uncertainty about the country's development policy when this strategy was being drafted. When the new government took office in August 2002, President Alvaro Uribe declared that the government's policy would, on the one hand, focus on safety for the country's citizens by strengthening the army and the police. On the other hand, the civil service would be cut, production and exports stimulated and social investments made in education and health care. The new government made it plain that it was interested in a good climate of cooperation with the international community.

4. CONCLUSIONS OF RESULTS ANALYSIS

4.1 The region

An integrated approach and collaboration in development cooperation make it easier to agree on the necessary strategy priorities and may create synergies. It is essential that cooperation should be based on the strategy and that there is closer coordination with measures that are not strictly covered by the strategy. The new appropriation structure adopted by the Swedish International Development Cooperation Agency (Sida) will also be helpful, but more concrete instruments are needed, in particular for monitoring and evaluation, for optimal control and coordination.

A Swedish presence and profile can help to make development cooperation more effective. Strong field offices/embassies and effective collaboration between Sida, the MFA and other Swedish players are essential for long-term development cooperation with a country. There is a good climate for *policy dialogue* on development cooperation in Bolivia, where the volume of cooperation has been substantial in financial terms and based on a cooperation agreement with the government and on a Swedish presence in the form of an upgraded field office. Conditions have improved in Colombia since Sida stationed personnel at the embassy. The closure of the Swedish embassy in Peru has affected dialogue opportunities and visibility.

New cooperation arrangements were tried in the areas of democratization and human rights during the present strategy period, and they achieved good results. They took the form of small strategic grants for networking, exchanges of experience, dialogue promotion and regional cooperation. Experience shows that demand-led measures and measures that are agreed upon by the parties achieve better results. Sida's main

responsibility should be to ensure active and dedicated monitoring, evaluation and follow-up.

Support for *reforms and restructuring processes*, as well as support for *developing institutions and administrations at various levels*, is often the key to effective development cooperation. It remains to find methods that are more successful at achieving lasting changes.

Knowledge and skills development is a strategic method that is often used in various cooperation arrangements. It is important that the method should be based on the needs of the target group and be an integral part of development cooperation. Sida's international training programmes could make a greater impact and be better integrated into the strategy and better adjusted to the needs and demands in the region; they should also be delivered in the region itself and be conducted in Spanish. There were few contract-financed technical assistance programmes, and their results were limited. The lesson to be learnt from this is that this instrument should be more proactive and better integrated into the strategy; its use should also be restricted to countries where it is potentially effective. Experience of *research support* for the region is generally favourable. However, both the research side and other components of development cooperation could make a greater effort to achieve synergies.

In order to achieve the objectives of the strategy, Sida channelled support through a large number of *cooperation partners*. In Sweden, these included, in particular, non-governmental organizations (NGOs), business, trades unions, churches, university departments and various public authorities. Coordination and exchanges of information with Swedish players involved in development cooperation have improved, but could be strengthened still further.

Experience in *Peru* shows that cooperation has succeeded in achieving results despite the political turbulence in the country. Among other things, the situation of internal refugees in the country has improved and Sweden's development cooperation has contributed to the establishment of a national Truth and Reconciliation Commission. Swedish NGOs' efforts to strengthen democracy have also been successful in achieving their objectives. The democratic opening that followed the fall of Fujimori indicates that there are opportunities for development cooperation to strengthen the democratization progress that has now been reactivated.

The mutually beneficial economic cooperation with *Chile* has been phased out during the period and its results are considered satisfactory. Among these, special mention may be made of several cooperation alliances between Chile and Sweden in the environmental sector and between small businesses and universities. Gender equality efforts in Chile have helped to strengthen the National Women's Service (SERNAM), the

Chilean gender equality authority, to assume full ownership of gender equality issues and broaden the base of its activities.

A few programmes with a *regional approach* were implemented during the period. It must be said that there are not very many really stable regional organizations in Latin America. Most of these – e.g. the OAS, IDB, IIDH, CLACSO⁴ – have been cooperation partners for a long time, but few of their programmes have a well-developed regional approach.

One major programme of a regional nature that was implemented during the period provided support at the regional level to Unicef and Save the Children for promoting children's rights. The programme helped to improve both organizations' working methods and to mainstream the children's rights perspective in the region. The weaknesses and problems that were identified are largely associated with the regional approach and the difficulty of clearly and realistically defining and raising awareness about the approach. It is difficult to stimulate interest in a regional approach among parties that have not expressed such an interest. The children's rights programme delivered by Save the Children and Unicef is a good illustration of both the potential and the problems involved in supporting regional programmes. One lesson that was learned is that programmes with a regional focus should be even more clearly demand-driven and require close monitoring.

The European Commission has a special position among international organizations and is active to a greater or lesser degree in local donor coordination in the countries concerned. Experience shows that long-term strategic thinking and coordinated action are required to influence the Commission's development cooperation. The possibility of Swedish interaction with all the *multilateral organizations* in the region depends largely on the local representatives of the organizations. The situation in Bolivia and Colombia improved during the strategy period. Coordination between the *UN agencies* improved in both countries. Sweden's cooperation with *the World Bank* was concentrated almost exclusively on Bolivia. Very little collaboration took place at country level with the *Inter-American Development Bank (IDB)*, but it should be possible to develop such collaboration.

Donor coordination under national ownership occurred mainly in Bolivia, where the government assumed primary responsibility for including both bilateral and multilateral donors.

Systematic monitoring, evaluation and follow-up are especially important when it comes to implementing the strategy where working methods are not clearly defined in advance.

⁴ OAS: Organization of American States, IDB: Inter-American Development Bank, IIDH: Inter-American Institute of Human Rights, CLACSO: Latin American Council of Social Sciences.

4.2 Bolivia

The following conclusions can be gathered from evaluations of Sweden's development cooperation with Bolivia in 1997-2001 at the horizontal and sectoral levels:

- Sweden's development cooperation was well adapted to Bolivia's current priorities, was relevant to the country's needs and played an important part in supporting necessary reform processes in public administration, including the strengthening of social institutions.
- The new aid coordination model in Bolivia improved cooperation between the donors.
- A long-term development policy, at the horizontal and sectoral levels, is an essential condition for sustainable poverty reduction. The poverty reduction strategy (BPRS) is a step in the right direction. At the sectoral level there is still a great need of more clearly defined policies and priorities between activities. The latter are crucial to future sectoral support.
- The hierarchy of objectives for Sweden's development cooperation with Bolivia was vague.
- It is important to ensure that development cooperation benefits the local level, but also to respect the resource transfer mechanisms that are established by Bolivia.
- The advantages of multilateral organizations as channels for Swedish development cooperation with Bolivia should be assessed on a case-by-case basis.
- Together with the Netherlands, Sweden played an important part in promoting gender equality in its policy dialogue with Bolivia and by means of appropriately targeted financial support for Bolivia's efforts in this field. However, Sweden was not as successful as the Netherlands when it came to gender mainstreaming.
- Sweden's support for private sector development should be focused more clearly on local initiatives. Projects should be selected on the basis of their relevance to poverty reduction. Sweden should seek closer donor coordination in its continued support to the forest sector.

4.3 Colombia

The *results analysis* shows that activities during the period were increasingly aimed at peace-promoting measures, which made it necessary to create dialogue opportunities, but also to take measures to strengthen the rule of law and civil society and promote human rights and international humanitarian law and gender equality efforts. Coordination between Sida, the MFA and other Swedish players made it possible to influence various levels and decision-makers in the search for ways of achieving a peaceful solution to the conflict.

Sweden has elected to operate through the UN system, through Swedish cooperation partners working together with their Colombian counterparts, through the Reconciliation Commission of the Catholic church and in a few cases through public agencies that are independent of the Colombian government. Its choice of cooperation partners has enabled Sweden to make effective use of aid resources with limited administration on Sweden's part. This has also minimized the risk of corruption in development cooperation. The UN's increased presence opens up the prospect of a stronger UN role in Colombia.

Sweden contributed to the efforts being made on behalf of human rights, decentralization, popular participation and transparent decision-making by providing support for the Ombudsman's Office, the UNHCHR, human rights NGOs and peace networks. There is now increased awareness of the problems associated with democracy and of human rights abuses. Nevertheless, the basic problems remain, and this presents a formidable challenge, not only in the context of development cooperation.

A large proportion of Sweden's assistance was channelled to civil society. The increasing maturity of the Colombian organizations and better coordination have given them a new legitimacy and influence. The increased presence of Swedish organizations has helped to broaden its network of contacts and given increased access to developments that are important for a process towards lasting peace.

5. REGIONAL STRATEGY

The Swedish government's terms of reference define the overall objective and the associated objectives that are prioritized in continuing development cooperation in South America.

5.1 Development cooperation objectives

The overall objective of development cooperation in South America is *to raise the living standards of the poor, which will only be possible if there is economic growth, greater social equity and peaceful coexistence*. The multidimensional poverty concept is to be applied in connection with analyses. The development cooperation policy objectives adopted by Parliament are an obvious point of departure. Among the associated objectives, those relating to greater economic and social equity and to democratic development are considered especially relevant.

5.2 Strategic aspects and priorities

Sweden is a small player in the international development cooperation scene in South America. This means that its future development cooperation must, in order to achieve the maximum effect, be concentrated, focus on strategic areas, make the most of opportunities for

learning and exchanges of experience and be coordinated with and complement the other donors' programmes. Two especially important players in this region are the European Commission and the IDB. The dialogue with cooperation partners and other donors is a priority, and therefore Sida's presence is considered essential for large-scale development cooperation with any country. Sida will therefore concentrate development cooperation on a small number of countries in the region. A balance has been struck between the following criteria when selecting partner countries and cooperation areas.

A poverty analysis: The proportion of poor people in South America has scarcely changed in the last 20 years. In recent years, there has been a sharp increase in poverty even in middle-income countries such as Argentina and Colombia. Measuring poverty in the region is a complex exercise. Bolivia is the poorest country in South America according to the Human Development Index and in terms of GDP per capita. The most important obstacles to development in the region are considered to be low growth and the huge gaps between rich and poor. Generally speaking, growth in South America was lower during the 20 years between 1980 and 2000 than during the preceding 20 years. In addition, Latin America's income distribution is the most unequal in the world. Furthermore, the trend is towards even greater inequality. Research shows that with income distribution similar to that in South-East Asia, income poverty in Latin America would be one-fifth of what it is today.⁵ Inequality prevails in all the areas included in the multidimensional poverty concept, i.e. income, health, education, empowerment and influence, dignity, freedom from discrimination, safety and security, gender equality and a sustainable natural resource base. The poor include a disproportionate number of women, children and indigenous peoples. Pro-poor growth that reduces inequality is the key to solving the continent's development problems.

A conflict analysis: The patterns of conflict in the region are closely linked to the unequal distribution of political and economic power. This is the underlying cause of political disturbances in Bolivia, Peru, Ecuador and Venezuela and is the primary cause of the conflict in Colombia. The internal armed conflict and drug trafficking in Colombia have led to militarization among its neighbours too. Arms trading and crime are on the increase and refugee flows are no longer contained within the country's boundaries. Taken together, these destabilizing factors are having a very disturbing effect on the Andean region as a whole. Those who suffer most are the vulnerable sectors of the civilian population, and a peaceful solution to the conflict in Colombia is therefore vital for poverty reduction in the region.

A process approach: Development cooperation based on a rights perspective and focusing on equitable distribution of economic and

⁵ IDB: Economic and Social Progress in Latin America, 1998-1999 Report, p. 22

political power must necessarily focus on processes that promote development. The need here is to identify national efforts that further economic and political development towards deeper democracy and pro-poor growth. Such efforts are undoubtedly being made in Bolivia. These processes are still weak in other countries, but the need for change is expressed so clearly by certain sectors that the potential for favourable development appears to exist. This is the case in Colombia and Peru. Local ownership of these processes is crucial to their feasibility. Ownership can also be formulated at the national level or in some cases by groups or sectors that contribute to or are part of such a favourable process. In both Bolivia and Colombia policy dialogue is an important instrument when it comes to operationalizing the Swedish approach and priorities. However, the situation differs in these two countries and the dialogue must therefore be conducted in different ways (see the sections on these countries).

Sweden's comparative advantages: Sweden's resources for development cooperation in South America are relatively small, and this cooperation must therefore be restricted to certain strategic areas. In Latin America Sweden has experience of research cooperation, assistance with peace processes, support for human rights organizations, programmes designed to strengthen democratic administration and support for social sectors. In addition, Swedish enterprises have experience of investment and cooperation in the region. In some areas – research, ombudsmen offices, gender equality, land surveying, statistics, environmental management, labour relations – institutions in Sweden have acted as centres for exchanges of experience in the context of development cooperation. Swedish experience of the interaction between central government and civil society is also of interest in this connection. The relevant programmes are often closely linked to a policy dialogue, and Swedish presence in the country, in the form of an embassy or development cooperation office, is essential for developing partnership relationships.

The catalytic role of development cooperation: In the context of the objective of raising the living standards of the poor and contributing to resource growth, advantage should be taken of the possibility of using development cooperation as a catalyst. Where the partner country gives priority to such measures, the know-how and involvement of Swedish enterprises in the selected countries should be put to good use.

A comparison of the poverty analysis and the conflict analysis indicates that the **Andean region** is the most disadvantaged region in South America. Bolivia is the poorest country on the continent and the internal armed conflict in Colombia is a threat to security and stability throughout the region. At the same time, there appears to be a prospect of important favourable processes in Bolivia and Colombia. Sweden's involvement, know-how and contacts in the region also justify concentrating future

development cooperation on the Andean region, in particular Bolivia and Colombia.

Bolivia will continue to be the main recipient of Sweden's development cooperation in South America. Bolivia is the only country in the region that is involved in a Poverty Reduction Strategy (PRS) process under the Initiative for Highly Indebted Poor Countries (HIPC). This means that the country has assumed ownership of a strategy for reducing poverty, and that this has been accepted as credible by the international community. Sida has had an office in La Paz since the early 1990s.

Realization of the damage caused by the armed conflict is increasing in **Colombia**. The new president, who was installed on August 7 2002, has asked for help from the UN and the international community. Civil society is increasingly united in its demands for peace and appeals for support from the rest of the world. Sweden will continue to support the peace process in close cooperation between the MFA, Sida and other Swedish players. Sweden can in this connection draw on its experience of peace processes in Central America. The level of cooperation will depend on the various phases of the peace process. Sida has had seconded staff at the embassy in Bogota since 2000.

In **Peru**, a democratization process was launched towards the end of the previous strategy period that may pave the way for sustainable development. However, the process is fragile and Swedish resources limited, and concentrating development cooperation on democratic governance and reconciliation is considered a strategic necessity. Sweden is a small donor in Peru, but it has encouraging experience of providing support in the areas mentioned above during the preceding strategy period, as well as a well-developed contact network that makes it easier to focus cooperation in this way. Sweden will seek to extend technical cooperation and cost-sharing. Now that the Swedish embassy in Lima has been closed, Sida has a national programme manager located in the consulate in Lima.

Owing to the need for concentration and the limited financial resources for development cooperation in the region, it will not be possible to engage in large-scale cooperation with **Ecuador** and **Venezuela**. Ecuador will continue to receive contract-financed technical assistance within the framework of the strategy's overall objectives, albeit to a limited extent. It will probably be necessary to strengthen the monitoring of human rights obligations in both Ecuador and Venezuela, not least in response to the spillover effects of the armed conflict in Colombia. Extensive cooperation with **Paraguay** is precluded on account of the need for concentration and the geographical prioritization of the Andean region. It should, however, be mentioned that several major Swedish NGOs are expected to continue their activities in Paraguay, often within the framework of large-scale regional programmes. In addition, the European Commission's assistance

and involvement are substantial in both Ecuador, Venezuela and Paraguay. **Chile** was phased out as a partner country during the previous strategy period. The partnership fund that was set up to facilitate mutually beneficial economic cooperation during the period will continue, but no new resources will be supplied. Sweden will only engage in development cooperation with countries such as **Argentina, Uruguay and Brazil** within the framework of initiatives covering Latin America as a whole, for example international training programmes and support for popular movements.

The integration efforts in the Andean region are confined to a few areas. Nevertheless, a regional approach will probably be increasingly adopted in response to the continent's common problems, including arms trading, drug trafficking and refugee flows. The choice of development cooperation programmes is determined both by the country choice criteria and by **the regional perspective**. This means that priority is given to programmes that are particularly urgent from the point of view of security and regional integration, or programmes that mutually reinforce one another and thus help to develop the region. The new strategy therefore provides for various kinds of regional efforts to mitigate the effects of conflict, increase respect for human rights and raise awareness in strategic areas. However, given the limited financial and staff resources and the fact that there have hitherto been few obviously demand-led regional initiatives, there are no plans for any significant increase in the number of regional programmes. It is also important in this connection to bear in mind the need for complementarity, coordination and collaboration with the European Commission, the UN system, the international financing institutions and Swedish NGOs.

5.3 Coherence between different policy areas

The present strategy only applies to Sweden's actions in connection with development cooperation, but the impact of Sweden's measures in several other policy areas on development in South American countries must not be overlooked. The duties and other trade barriers in force for textiles and agricultural products produced in South America, including those applied by the EU, which have an adverse effect on these countries' export opportunities and thus on their potential for growth, appear to conflict with the Member States' declared ambition to support development in South America. One of the most significant forms of support that could be given to crisis-ridden Argentina, Uruguay and Brazil would be to improve their opportunities for exporting agricultural products. In order to avoid conflicts between measures in different policy areas as far as possible, other policy areas that make a significant impact on South America's development, such as trade, agriculture, migration, security and drug policies, should also be geared to supporting development in South America.

5.4 The drug problem

Attention must continue to be given to the drug problem and its adverse effects on development in the Andean region as a whole. Sweden channels the greater part of its aid for alternative development, policy support, prevention and reduced consumption through the UNODCCP⁶. The results of this aid have been satisfactory, and it is proposed that Sida should continue to channel most of its support for drug control in the Andean region through the UNODCCP. Future cooperation on drugs should be based on a consensus and regular briefings between Sida and the UNODCCP.

Together with other Swedish players in this area (the Ministry of Justice, the Ministry of Health and Social Affairs, the National Criminal Investigation Department and the MFA), Sida should seek to improve coordination between the bodies concerned. In Sida's opinion, a common approach to development cooperation and drugs should be developed on the basis of the positions set out in Sida's guidelines⁷. Having formulated its priorities when it comes to aid for drug control programmes, Sweden should see to it that it is present and plays a proactive role in the EU and the UN system in order to ensure these priority issues are constantly on the international agenda. Collaboration should also be sought with other international organizations.

5.5 The focus of development cooperation

5.5.1 Poverty and rights perspectives

The strategy for development cooperation in South America is based on the Sida paper *Perspectives on Poverty*. This means that, in addition to the development cooperation objectives adopted by Parliament, the conventions on human rights, the UN's Millennium Objectives⁸ and the OECD/DAC's guidelines on poverty reduction should be taken into account.

The rights perspective reflects the multidimensional view of poverty. The human rights conventions establish common objectives and a common foundation of values for a desirable development. UN declarations and human rights conventions define the responsibility of governments for ensuring compliance with these rights and provide a legal basis for a dialogue between countries and for the involvement of outsiders. The international rules on human rights can therefore be applied as an

⁶ United Nations Office for Drug Control and Crime Prevention. However, this aid falls outside the regional strategy for South America since it is part of Sweden's general contribution to the UN system. See also the discussion in section 5.5.8 Limits to the application of the strategy.

⁷ *Guidelines for Action, Illicit Drugs and Swedish International Development Cooperation, Sida document, September 2000.*

⁸ Annex 2 (in Swedish only).

instrument of development policy. By establishing fundamental individual rights, human rights complement democratic aspirations and draw special attention to groups that suffer from discrimination and marginalization, i.e. in the case of South America, women, children and indigenous peoples. The rights perspective is an approach in which the individual is both the subject and agent of change and has some control over his/her own situation.

A broader rights perspective is needed to make it possible to resolve conflicts of objectives, set priorities and define the means for achieving the objectives.⁹ This would embrace democracy, political processes and power structures as essential components of the task of translating human rights into reality. Sweden's development cooperation in South America has a part to play at several levels in this context.

The list of conventions and states' ratification of them¹⁰ suggests opportunities for development cooperation to promote human rights. This applies in particular in the context of the official reports submitted by states parties to the treaty monitoring committees of human rights conventions and the alternative reports presented by civil society and in connection with the conclusions and recommendations issued to governments by the monitoring committees. In order to increase the impact of human rights issues in the three priority countries, support should be given to strategic bodies with the capacity to pursue human rights issues, both in government and civil society. The sectors of the population that suffer most from discrimination and deprivation in the region – women, children and indigenous peoples – are also the main target groups for Sweden's development cooperation in the region. Dialogue concerning the following three conventions, and the monitoring of them, are therefore especially relevant in the context of the strategy: the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CRC) and the Indigenous and Tribal Peoples Convention (ILO Convention 169¹¹). The human rights situation is especially precarious in Colombia, which calls for broader monitoring during the strategy period.

5.5.2 Outline of development cooperation 2003-2007

According to Sida's forecast of the development of appropriations in the next few years, there will be an increase in development cooperation in South America from about MSEK 350 to about MSEK 500 per year during the period 2003-2007. The development cooperation planned for South America is summarized in tabular form below.

⁹ See *A Democracy and Human Rights Based Approach to Development Cooperation*, Ministry for Foreign Affairs and Sida, September 2001.

¹⁰ Annex 4 (in Swedish only).

¹¹ Sweden has not acceded to ILO 169, but can nevertheless promote implementation of the convention in partner countries that have ratified it.

The overall objectives of the South America strategy are to raise the living standards of the poor, with greater economic and social equity and democratic development as especially relevant associated objectives.

Special target groups: women, children, indigenous peoples.

Bolivia (own strategy)	Colombia (own strategy)	Peru	Andean region	Rest of Latin America
<p>Objectives: Successful implementation of a poverty reduction policy</p> <p>Areas: PRS Social sectors Democratic governance and human rights Gender equality Research Private sector development</p> <p>Main channels: National authorities, UN system, World Bank, business organizations Swedish cooperation partners</p>	<p>Objectives: A broad-based peace process that makes it possible to address the causes of the conflict and build lasting peace</p> <p>Areas: Peace-building Conflict management Democratic governance and human rights Gender equality Internal refugees Alternatives to drug crops</p> <p>Main channels: UN system, Swedish and international cooperation partners, national authorities</p>	<p>Objectives: Democratic development and reconciliation</p> <p>Areas: Democratic governance and human rights Reconciliation</p> <p>Main channels: National authorities UN system Swedish cooperation partners</p>	<p>Objectives: Security, integration and exchanges of experience</p> <p>Areas: Conflict management Drugs Refugees Human rights Research</p> <p>Main channels: Regional organizations UN system Swedish cooperation partners</p>	<p>See the overall objectives of the strategy</p> <p>Areas: Democratic governance and human rights Research Also: International training programmes designed for Latin America</p> <p>Main channels: Regional organizations Swedish cooperation partners</p>
MSEK 215-240/year *	MSEK 60-110/year *	MSEK 15-20/year *	MSEK 20-30/year *	MSEK 50-80/year *

* The above volumes relate to Sweden's bilateral development cooperation with the exception of the assistance delivered via the appropriation for popular movements. The figures for Bolivia include budgetary support to the tune of SEK 50-60 million per year. In addition, Sweden supports development cooperation in South America through its contributions to the European Commission, the UN system and the development banks. It is difficult to give a definite figure for this multilateral aid, and it is therefore not included in the table.

The presentation below of the cooperation areas covered by the strategy corresponds to Sida's operational areas. This is to make it possible in connection with evaluation of the strategy to produce statistics on the cooperation delivered.

See the separate strategies for Bolivia and Colombia for details about those countries.

5.5.3 Bolivia

The **objective** of Sweden's development cooperation with Bolivia is that Bolivia should successfully implement an independent poverty reduction policy in the country.

Bolivia's ownership of a poverty reduction policy is thus an essential condition for large-scale Swedish support. In order to achieve this objective, Sweden's development cooperation is concentrated on the below-mentioned target areas in the following operational areas: *Democratic governance and human rights, Social sectors, Infrastructure, business and urban development, Research cooperation and Economic reforms.* Horizontal issues such as gender equality, inclusion of indigenous peoples and sustainable use of natural resources and the environment are to be mainstreamed into cooperation.

Democratic governance and human rights

Support for measures/programmes designed to:

- Help to create open and accessible democratic institutions and processes*
- Promote broader popular participation and greater political influence for excluded groups*
- Promote increased respect for human rights*

Examples of cooperation programmes:

These efforts can be supported, inter alia, via the reform of public institutions (PRI), the decentralization programme, the Bolivian Ombudsman's Office, the government's gender equality policy, the programme for improvement of the election system and Swedish NGOs' cooperation with Bolivian partners.

Social sectors

Support for measures/programmes designed to:

- Help to create opportunities for skills and capacity building for the poor.*

Examples of cooperation programmes:

Increased support for the education reform into which the grants for adult education, literacy programmes, bilingualism and higher education are more clearly integrated.

Infrastructure, business and urban development

Support for measures/programmes designed to:

- Promote pro-poor growth*
- Help to improve basic water and sanitation security for the poor.*

Examples of cooperation programmes:

1) The institutional framework for creating a better business climate for local and foreign investors and increased opportunities for effectiveness and efficiency and higher value added; 2) possible deepened support to the forest industry with the emphasis on the poverty aspects in the industry; 3) support designed to increase access to water and sanitary facilities for the poor.

Research cooperation

Support for measures/programmes designed to:

-Strengthen research capacity in Bolivia in areas that are relevant to the country's development.

Examples of cooperation programmes:

Support to the two largest state universities in order to establish postgraduate studies in the social sciences, natural sciences, engineering and health sciences.

*General support for implementation of the poverty strategy/
Economic reforms*

Apart from sector-specific support, general support may be considered for Bolivia's implementation of the poverty strategy. This might, for example, be given in the form of budgetary support and support for budget planning and control for the purpose of strengthening the poverty focus in various policy areas and following up the poverty strategy itself.

The **cooperation partners and implementers** of Sweden's development cooperation with Bolivia are, apart from the Bolivian authorities, business and industry organizations and universities: the UN system, the World Bank and Swedish NGOs and enterprises.

5.5.4 Colombia

The **objective** of development cooperation with Colombia is *a broad-based peace process that makes it possible to address the causes of the conflict and build lasting peace.*

The analysis of Colombia indicates the need to adapt development cooperation to the various phases of the peace process. Both volume and content will be affected by the credibility of the peace process, and certain types of measures will only be taken if a peace agreement is signed.

<i>Continued armed conflict</i>	<i>Negotiations launched</i>	<i>Peace agreement</i>
Objective: Vision of a negotiated solution, peace agenda, negotiation format, broadened participation, respect for human rights, protection of internal refugees	Objectives: Facilitator role, agreement on human rights and international humanitarian law, verification of progress, improvement of the parties' safety, proposals for political instruments	Objectives: Implementation of peace agreement, independent international verification, reconciliation process

Measures: Dialogue creation, meeting-places, incentives for negotiations, support for civil society and popular participation, support for human rights and internal refugees, development of mechanisms to monitor the agenda	Measures: Incentives for negotiations, dialogue creation, meeting-places, support for the UN, expertise on human rights and international humanitarian law, observers, support for civil society and other players, conditions for support for peace agreement, support for internal refugees.	Measures: Support for implementation of the agreement, disarmament, demobilization and reintegration of soldiers, truth commission, support for civil society and other players
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In order to achieve the objective, Sweden's support will be concentrated on the following thematic areas in the operational areas *Democratic governance and human rights* and *Humanitarian programmes and conflict prevention*.

Humanitarian programmes and conflict prevention

Support for measures/programmes designed to:

-Strengthen the parties' conviction of the need for a negotiated settlement of the conflict by helping to:

- Establish meeting-places
- Provide incentives for negotiated solutions
- Create the necessary conditions for implementing agreements

-Broaden participation in the peace process by helping to:

- Promote gender equality in peace-building activities
- Strengthen civil society and popular participation
- Provide protection and support for internal refugees

-Limit drug trafficking and access to small arms that fuel the conflict

Examples of cooperation programmes:

Support for initiatives and platforms for a dialogue. Support for regional development programme models, 'peace laboratories', with manual eradication of coca plantations, alternative production and conflict management. Facilitation of observation, verification and demobilization, facilitation of implementation of the agreement.

Democratic governance and human rights

Support for measures/programmes designed to:

-Increase respect for human rights and international humanitarian law as a step towards lasting peace by helping to:

- Disseminate knowledge about human rights
- Strengthen the capacity of public institutions
- Promote women's rights
- Promote the rights of indigenous peoples and Afro-Colombians

-Strengthen the rule of law and promote a democratic culture and good governance as a step towards the reconciliation process by helping to:

- Fight corruption and impunity
- Promote the development of institutions and skills

Examples of cooperation programmes:

Measures in support of education, documentation and information about and monitoring and implementation of human rights, including children's rights and international humanitarian law (among the parties, NGOs, opinion-formers, media etc.). Measures designed to strengthen the capacity of public institutions for preventing, investigating and prosecuting violations of human rights, children's rights and international humanitarian law. Measures designed to strengthen good governance in public institutions (e.g. Congress, local authorities and tax, audit, election and statistics authorities). Action to promote women's opportunities for participation and influence.

The **cooperation partners and implementers** of Sweden's development cooperation with Colombia are the Swedish cooperation partners that are covered by the strategy (NGOs, the social partners, academic institutions, public authorities etc.), the UN system, international organizations and strategic domestic institutions (the Ombudsman's Office, universities, media, churches etc.).

5.5.5 Peru

The **objectives** of development cooperation with Peru are democratic development and reconciliation. In order to achieve these objectives, Sweden's development cooperation will focus on the following thematic areas in the operational areas *democratic governance and human rights* and *humanitarian programmes and conflict prevention*.

Democratic governance and human rights

-Democratic governance programmes to promote transparency and combat corruption, measures to strengthen institutions and measures to promote popular participation and influence in political decision-making processes.

-Human rights programmes aimed at protecting and ensuring respect for the rights of the most disadvantaged population groups (women, children, indigenous peoples, internal refugees, disabled people).

-Measures to promote a functioning legal system with the emphasis on modernization of the working practices of institutions, increased access to justice, reduced impunity and awareness of human rights among poor and discriminated population groups.

Humanitarian programmes and conflict prevention

-Reconciliation

Support for various forms of reconciliation in the light of the recommendations that will be presented by the Peruvian Truth and Reconciliation Commission in 2003.

The **cooperation partners and implementers** of Sweden's development cooperation with Peru are the Ombudsman's Office, Swedish NGOs covered by the strategy, the UN system, the Truth and Reconciliation Commission and domestic institutions.

5.5.6 The Andean region

The **objectives** of development cooperation in the Andean region are *increased safety, integration and exchanges of experience in the region.*

In order to achieve these objectives, Sweden's support will be concentrated on the following thematic areas in the operational areas *Democratic governance and human rights, Humanitarian programmes and conflict prevention and Research cooperation.*

Democratic governance and human rights

Continued institutional support, in particular for regional institutions increased protection of and respect for human rights, including children's rights, skills development and exchanges of experience in the region etc. The Andean Commission of Lawyers (Comisión Andina de Juristas, CAJ) is a gateway institution for cooperation in accordance with this strategy. Opportunities exist for cooperation with several institutions with a regional perspective.

Humanitarian programmes and conflict prevention

- Regional drug control programmes focusing on alternative production
- Measures to support refugees from the armed conflict in Colombia and initiatives and preparedness for supporting regional initiatives for dealing with the increasing refugee flows
- Conflict management: preparedness for supporting regional initiatives designed to facilitate the peace process in Colombia
- Small arms: measures to counteract the destabilizing accumulation of small arms in the region.

Research

- Deepened cooperation with CLACSO (Consejo Latinoamericano de Ciencias Sociales), for example support for the establishment of a social science research environment at universities and research institutes in Bolivia, Peru and Ecuador for Andean studies, with the emphasis on problems relating to marginalized ethnic groups in society.

5.5.7 Level of ambition in the rest of the region

The other countries in South America benefit from the appropriation for popular movements, the international training programmes, research cooperation and a few regional programmes that cover Latin America as a whole. Of these, the strategy applies to research cooperation, regional programmes for Latin America as a whole and the international training

programmes in cases where special arrangements are made for Latin America, but not any other international training programmes or the appropriation for popular movements. See section 5.5.8.

In the field of **research cooperation**, continuing and deepened regional support is planned for CLACSO, which, by operating various scholarship programmes, encourages up-and-coming social science researchers throughout the continent, organizes regional thematic research groups in order to stimulate contemporary social science research and debate and maintains an IT network for information and communication with the affiliated universities.

The **pan- Latin American regional initiatives** mainly have to do with democratic governance. Continuing long-term institutional support is planned for the Inter-American Institute of Human Rights (Instituto Inter-Americano de Derechos Humanos, IIDH) for its work on democracy and human rights, which covers the continent as a whole. Sweden continues to take an interest in the OAS (Organization of American States), which among other things is engaged in protecting human rights and election observation and may receive financial aid for specific strategic measures at the regional and/or national levels. One example is the current support for Special Rapporteurs on Freedom of Expression at the office of the OAS's Inter-American Commission for Human Rights, which critically examines, monitors and reports on the freedom of expression situation all over the continent.

Support is also currently being given to Latinobarómetro, which carries out opinion polls on matters such as the state of democracy in the majority of the countries on the continent. Swedish support makes it possible for Latin American universities to receive the reports in their entirety. Together with the IDB, cooperation on a small financial scale is planned in the field of social policy, including policy development and the Social Equity Forum, which provides a meeting-place for exchanges of experience throughout the continent.

There is a need to define the Swedish level of ambition in the following **thematic areas**:

Trade-enhancing development assistance, including the possibility of trade assistance measures, will be contemplated above all in Bolivia within the framework of support for private sector development, which is an area of concentration in that country. The trade-driven regional integration process (Mercosur, the Andean Pact) is an issue of great importance in South America, but other players (including the EU, WTO and IDB) have more capacity for providing trade assistance in this field than Sweden. The importance of improving the access of South American countries to international markets should be taken into account in connection with Sweden's trade policy input in the EU.

The Start South programme for cooperation between Swedish enterprises and enterprises in the South is open to Bolivia, Colombia, Peru, Ecuador, Paraguay and Chile. Environmental and resource issues are a special concern in Bolivia in the context of the extensive cooperation on the forest sector and research cooperation. Sustainable use of natural resources is also a prominent feature of the integrated Swedish approach to the drug problem. Protection of the environment and sustainable use of natural resources are, moreover, a theme that is to be mainstreamed into cooperation arrangements. (See 5.7 Cooperation arrangements).

In view of the financial constraints and the need of concentration, in particular, there will be little scope during the strategy period for direct measures to combat HIV/AIDS, a high-priority area for Sweden's development cooperation on other continents. The situation as regards HIV/AIDS in the Andean region is not as alarming as in other parts of Latin America (e.g. the Caribbean, Brazil and Honduras). Therefore, efforts in this area will not be given priority in the form of bilateral programmes during the strategy period. However, the HIV/AIDS situation will be kept under review in the framework of cooperation with the multilateral bodies and the countries' day-to-day reporting.

5.5.8 Limits to the application of the strategy

In the case of some of the support arrangements within the framework of Sweden's development cooperation, support planning is not based on regions. The choice of measures is determined by an analysis of problems and needs at the horizontal, thematic or organizational level rather than an analysis of the problems in a specific region. In the case of such measures, the choice of countries and regions is decided by the cooperation organization or on the basis of that organization's established decision-making procedures. This applies, inter alia, to Sida's support via budget envelopes to NGOs, international training programmes, non-dedicated funding for the UN system, including drug control via the UNODCCP (United Nations Office for Drug Control and Crime Prevention), Sweden's contribution to the European Commission's development cooperation, general support supplied through other multilateral organizations such as the development banks, and debt relief via the HIPC. It is important to emphasize that these cooperation arrangements represent a significant proportion of Sweden's overall development cooperation in a region such as South America, even though they are not fully integrated into the regional strategy. In addition, aid may also be provided out of the humanitarian aid appropriation. This is basically a reactive instrument, and as such it is not fully integrated into the regional strategy either. The aim should be to coordinate these various forms of support with the regional strategy for South America in the interests of the consistency of Sweden's development cooperation.

5.6 Risk analysis

Implementation of the strategy must be flexible and provision must be made to redistribute Sida's resources in the region if necessary. There are several risk scenarios that affect the possibility of implementing the strategy. Deterioration of the economic situation on the South American continent would adversely affect the potential of Sweden's development cooperation for improving living conditions. An escalation of the conflict in Colombia would make it more difficult to deliver development cooperation, not only in Colombia but also in the region as a whole, since the conflict has already made an impact on the region in the form of increased refugee flows and to some extent increased militarization. Deterioration of the conflict in Colombia into open war without any prospect of a negotiated settlement, which would obviously make it difficult to deliver development cooperation, might make it necessary for Sweden to reconsider its cooperation. A potential risk in Bolivia is that future governments will not assume responsibility for the country's poverty reduction strategy or that the reform process will slow down in an area that Sweden regards as vital. In that case Sweden would have to be prepared to reconsider the extent and focus of its development cooperation. Growing social conflicts are another risk scenario that should be carefully observed in Bolivia. In Peru, the democratic opening on which Sweden's development cooperation is based may encounter setbacks. The possibility of achieving the desired results of Sweden's development cooperation should therefore be analysed on a regular basis.

5.7 Cooperation arrangements

Cooperation methods

An integrated approach must be applied to development cooperation. This means that the choice of measures must be made with regard to the objectives of economic and social equity and democratic development, but that efforts must also be made to integrate other aid policy objectives. It is particularly important always to bear in mind the objectives of gender equality and sustainable resource use, since these are highly relevant to the possibility of achieving the priority objectives. The relevance of measures in relation to the above objectives must be taken into account in connection with operational planning and the elaboration of country plans, as well as in connection with drafting, monitoring and evaluation.

Sweden's development cooperation in South America will, inter alia, build on experience of previous support for democratization processes and human rights. It is also necessary, in order to achieve results, to support both bottom-up and top-down initiatives. It is necessary to channel resources to the organizations in civil society that are involved in advocacy and efforts to increase popular participation. Organizations in Swedish civil society are obvious partners in these efforts. An analysis should be made

in each country of the institutional framework for civil society action. Sida can provide direct support to national organizations in accordance with the priorities set out in the strategy in consultation with the Swedish organizations that receive grants out of the Latin America appropriation. At the same time, the aim is to strengthen democratic institutions at the local and national levels. This can be done by providing direct support, or support can be channelled through various multilateral organizations. In most cases, measures undertaken to strengthen institutions can be regarded as support within the framework of democratic governance, at the same time as they often consist of technical assistance in a specific sector. Special care must be taken in connection with operational planning and the drafting of country plans to strike a balance between support to civil society and support to public institutions.

Women, children and indigenous peoples should be treated as focus target groups. This calls for a knowledge of consequence analysis, among other things, and will make it necessary to provide in-house training for staff, especially at foreign diplomatic missions. The poverty and rights perspectives, with the emphasis on the conventions relating to the above target groups in particular, are an important analytic instrument. In order to document and focus attention on the effects of Sweden's development cooperation on the abovementioned target groups, the biannual reports on Bolivia, Colombia and Peru should include progress reports on the situation of each of these groups and on the measures taken by Sida on behalf of these groups in the different operational areas and the policy dialogue as a whole.

In the countries where Sweden is engaged in larger-scale cooperation, policy dialogue will have a prominent place as a method, among other things, for placing income and resource distribution policy on the agenda. Policy dialogue is part of the process approach on which Sweden's development cooperation in this region is based. Within the framework of this strategy, Bolivia, in particular, is the country in which dialogue represents a significant element of development cooperation. Dialogue in this connection will focus on several central themes of the Bolivia strategy, including the country's income and resource distribution policy (see the separate paper on the Bolivia strategy for further details). Reinforcement of the Bolivia office is proposed in order to improve Sweden's capacity for participation in wide-ranging policy dialogue in Bolivia (see 5.9 Resources). Furthermore, Sida has engaged a group of experts for the purpose of monitoring and evaluating PRSPs (Poverty Reduction Strategy Papers) in Latin America, including Bolivia, in order to strengthen Sweden's capacity as a dialogue partner when it comes to general poverty strategies. The dialogue in Colombia is also a significant integral part of development cooperation, the main object in this case being to achieve a political solution to the armed conflict (see also the separate Colombia strategy). In Colombia, the policy dialogue is the joint responsibility of the MFA and Sida, and the MFA allocates special resources for

implementation of the dialogue. In Peru, the small scale of Sweden's development cooperation does not offer much opportunity for real policy dialogue. Collaboration between Sida and other bodies, both Swedish and international, will continue to be important when it comes to drawing attention to key issues such as the poverty and rights perspectives.

In order to improve dialogue arrangements, continuous analysis and discussion are needed of where, how and with whom such dialogue is most useful. These arrangements will therefore be reported during the strategy period in the biannual reports on Bolivia, Colombia and Peru. As regards the other countries in the region, the aim should be to establish partnership relationships with all kinds of cooperation organizations. Local ownership of development processes is essential.

Swedish society as a resource and partner

Since Sweden's resources for development cooperation in the region are limited in quantitative terms, it is strategically important to make use of the know-how and capacity that is available in Sweden, for example among NGOs and research institutions. Swedish experience in the private and public sectors can be put to use by means of the following cooperation arrangements.

As regards the *international training programmes*, a more active approach is proposed than the one previously applied. Programmes relating to Swedish experience in areas that are covered by the strategy are to be provided in Spanish and implemented in the relevant region (alternatively, both in Sweden and the region).

With regard to *contract-financed technical assistance*, it is proposed, in view of the experience of the preceding strategy period, that a more proactive and concentrated effort should be made on the basis of the objectives set out in the strategy. This programme will focus on Peru, the aim being for Peru to share more of the costs of cooperation and for Swedish to share its experience of the priority cooperation areas in Peru, i.e. democratic governance and reconciliation. In the case of Colombia, contract-financed technical assistance may be contemplated in cases where cooperation is clearly related to the peace process. There is also a prospect of contract-financed technical assistance in Ecuador in accordance with the horizontal objectives of the regional strategy. This cooperation should be regularly evaluated in connection with operational planning and the drafting of annual country plans.

Where the cooperation country seeks expertise not only in Sweden but also in another Latin American country, triangle cooperation may be tried. This arrangement has proved unwieldy during the previous strategy period. More committed ownership is therefore required of the recipient country in accordance with the strategy's priorities. In connection with this

strategy, support for triangle cooperation might be offered as a complement to contract-financed technical assistance.

Various Swedish players in the private sector and public administration may have a role to play in development cooperation with *Bolivia* as consultants in the planning, monitoring and evaluation and implementation phases of cooperation programmes, including private sector development, which is one of the areas of concentration in Sweden's cooperation with Bolivia.

Continued broad-based involvement by Swedish players in Colombia is planned in connection with the peace process, in the form of cooperation between the social partners, state agencies, academic institutions, NGOs etc. If a peace agreement is signed, it might pave the way for wider cooperation, which might involve new cooperation partners and include credits.

Coordination between Swedish players worked well during the preceding strategy period, but it could be further strengthened if need be by improving information and cooperation between Sida and the MFA, popular movements, churches and NGOs, the business community and universities.

Financing arrangements

Most development cooperation financing will consist of grant funds. The concentration on contract-financed technical assistance in Peru is expected eventually to lead to more cost-sharing in development cooperation.

Credits may be granted, and in that case they will depend on the credit risk assessments made by the Swedish Export Credits Guarantee Board and Sida's credit policy. In Bolivia, an HIPC country, credits are not likely to be granted during the first half of the strategy period on account of the current debt situation. In Colombia, credits may be an appropriate instrument for financing undertakings under peace agreements.

Sida's new instrument for independent guarantees will help to promote private investment in infrastructure in the region.

Donor coordination

Policy dialogue and coordination with the European Commission, the UN system, the Inter-American Development Bank (IDB) and the World Bank will continue to be very important. Initiatives for donor coordination between the multilateral donors located in the region, and the arrangements for this coordination, must continuously be reviewed and developed. In cooperation and dialogue with the European Commission

Sweden should attach special importance to horizontal and strategic issues such as implementation and monitoring and evaluation of the Commission's country strategies, promotion of regional integration and active participation by the EU delegations in donor coordination in situ in the countries concerned. In accordance with the action plan for EU cooperation adopted by Sida's Department for Latin America (RELA), the aim will be to continue to use appropriate contacts and networks for coordination with the Commission in situ in both Bolivia, Colombia and Peru.

The UN system, in particular the UNDP, Unicef, UNHCR and UNHCHR, will continue to be important channels for Sweden's cooperation in the region. Sida has prepared strategies for Sweden's cooperation with the UNDP and Unicef, which were adopted by the government in 2002. These govern Sweden's relations with those agencies and specify priority dialogue issues. Increased donor coordination, with the active participation of the UN system, should be pursued in both Bolivia, Peru and Colombia.

Our cooperation and contacts with the IDB in the Andean region have not been satisfactory during the preceding strategy period. In the light of this analysis, inter alia, it will be necessary during the strategy period for the MFA and Sida to jointly develop a more integrated approach to coordination arrangements with the IDB in the field. In the dialogue with the World Bank and the International Monetary Fund (IMF) special attention will be paid to Bolivia, which is a PRS and HIPC country, in the priority areas set out in the strategy for Bolivia.

5.8 Monitoring and evaluation

Regular reviews will be carried out during the strategy period. Evaluations of thematic areas and/or sectors will be made in order to produce more feedback to the strategy and, hopefully, as a simple way of disseminating lessons that may be useful for the purposes of development cooperation in Latin America, as well as other continents. The biannual reports on development cooperation with Bolivia, Colombia and Peru are an element of the evaluation process, with special reference to the impact of Sweden's development cooperation on the most disadvantaged target groups. These reports will also relate the development and results of cooperation to the main target groups – women, children and indigenous peoples – and to the evolving HIV/AIDS situation. An internal evaluation will be carried out half-way through the strategy period, i.e. in the first half of 2005. This will focus mainly on implemented and planned activities in relation to the objectives of the strategy, including the priority target groups, and an update of the risk analysis.

5.9 Resources

On the basis of forecasts presented by the government and Parliament, Sida expects a gradual increase in the development cooperation appropriation, starting in 2003. At present, Sida has seconded staff in Bolivia (five staff members) and Colombia (one staff member). A local programme manager is employed at the Swedish consulate in Peru. It should be possible to implement the present strategy with basically the same number of staff, both seconded and home-based, as before. However, some reinforcement will probably be needed in Bolivia (one more seconded staff member) and for the administration of democracy and human rights-related projects in Stockholm. It should be possible to reinforce the Swedish diplomatic missions abroad with locally recruited programme managers.



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